

AR46



ANNUAL
REPORT

1964

The President and Directors of
DENISON MINES LIMITED
are pleased to present the Annual Report
to Shareholders for the
year ended December 31st, 1964

Denison Mines Limited

(1) What have
(2) Why sell



Officers STEPHEN B. ROMAN, K.C.S.G., *President*

JOHN KOSTUIK, B.Sc., *Vice-President and General Manager*

A. W. STOLLERY, B.Sc., *Vice-President*

The Honourable HARRY A. WILLIS, Q.C., *Vice-President*

JOHN C. PUHKY, *Secretary*

E. B. McCONKEY, C.A., *Treasurer*

Directors J. WILSON BERRY

The Hon. GEORGE A. DREW, P.C., Q.C., LL.D.

F. H. JOWSEY

GEO. C. KNOWLES

JOHN KOSTUIK, B.Sc.

LOUIS R. PERINI

JOHN C. PUHKY

STEPHEN B. ROMAN, K.C.S.G.

A. W. STOLLERY, B.Sc.

The Hon. HARRY A. WILLIS, Q.C.

B. E. WILLOUGHBY

Solicitors Fraser, Beatty, Tucker, McIntosh & Stewart, Toronto, Ontario

Auditors Eddis & Associates, Toronto, Ontario

Bankers The Royal Bank of Canada, Toronto, Ontario

Registrar and Transfer Agent Guaranty Trust Company of Canada, Toronto, Ontario; Montreal, P.Q.

Head Office 4 King Street West, Toronto, Ontario

Mine Office Elliot Lake, Ontario

*Executive Staff and Plant Locations of
Lake Ontario Portland Cement
Company Limited
a Subsidiary Company*

Officers and Executives	The Honourable GEORGE A. DREW, P.C., Q.C., LL.D., <i>Chairman of the Board</i>
	J. G. PICKARD, <i>President</i>
	R. D. MACLEAN, <i>Executive Vice-President and General Manager</i>
	R. J. REYNOLDS, <i>Secretary-Treasurer</i>
	C. A. GIBBS, <i>Assistant Treasurer</i>
	W. T. BARRON, <i>Operations Manager</i>
	J. D. FOWLER, <i>Manager—Special Projects</i>
	R. C. MILLER, <i>General Sales Manager</i>

Wholly Owned Subsidiaries	ROCHESTER PORTLAND CEMENT CORP.,
<i>of Lake Ontario Portland Cement Company Limited</i>	361 Boxart Street, Rochester 12, N.Y.
	W. H. JAGELS, <i>Vice-President and General Manager</i>
	H. G. GEORGE, <i>Sales Manager</i>

Divisions

Mohawk Valley Cement Company, Rome, New York
Cayuga Cement Company, Ithaca, New York

PREMIER BUILDING MATERIALS LIMITED,
55 Eglinton Avenue East, Toronto 12, Ontario
R. T. COSBURN, *President and General Manager*
C. STEEL, *Assistant General Manager*
V. F. BUTLER, *Sales Manager*
Ready-Mix Plants—Basin Street, Toro Road, Dixie Road, Kennedy Road in Metropolitan Toronto and at Woodbridge and Alton, Ontario
Sand and Gravel Pit—Alton, Ontario
Building Materials—Kennedy Road in Metropolitan Toronto; Woodbridge, Ontario

Affiliated Company	PRIMEAU ARGO BLOCK CO. LIMITED, 449 Hensall Circle, Cooksville, Ontario
	A. J. PRIMEAU, <i>President</i>
	R. H. GRIMM, <i>Executive Vice-President and General Manager</i>
	W. A. PRIMEAU, <i>Vice-President and Operations Manager</i>
	W. C. COUPLAND, <i>Secretary-Treasurer</i>
	Concrete Block Manufacturing Plants—Cooksville, Scarborough, Pickering, Weston, Ontario, and Caledonia Road in Metropolitan Toronto
	Natural Stone Quarry—Georgetown, Ontario



Artist's Impression of the recently announced Natural Uranium fuelled electric generating plant at Fairport, Ontario, with an initial capacity of 1,000 megawatts, to be built at a cost of \$266,000,000 by Ontario Provincial and Federal Authorities.

President's Report

To the Shareholders:

I am pleased to submit the annual report of your Company for the year ended December 31st, 1964. The year was characterized by the united efforts of your management to continue diversification of Denison's income base.

It is most gratifying that the year 1964 found your Company moving forward in every division, highlighted, of course, by the winning of an additional uranium supply contract for our Elliot Lake mining operation.

In every sector, Denison's activities during 1964 reflected sustained buoyancy and zeal. The constant search for new markets for uranium, the growth of the oil division and the expansion of the cement company commanded major attention. During the year your management participated in the revitalizing and reorganizing of General Baking Company. In mine exploration and development, strong initiatives were taken with prospects of widening your Company's involvement in the base metals field.

The year ending December 31st, 1964 also marks your Company's sixth consecutive year of dividend payments of \$1 per share, bringing total payments to \$26,848,218 or \$6.00 per share from 1959 to date.

In the relatively short time represented by the past years, a great deal of history was experienced by the Company and the uranium industry. Momentous adjustments were forced upon us by events, from the initial deadline demands to ready our mine for production for delivery of concentrate to the subsequent requirements for 'stretch-out' and co-operation with the contracting agencies. Throughout, our own resolution was to prevail as a leading uranium supplier on a world scale. We have not only become one of the main factors in the field of energy supply but we intend to make our presence felt in the many other fields we have chosen.

During this period of enormous change in the uranium industry, Denison's record of continuous dividend payments was established. This was the product of our constant vigilant search for ways of protecting and enhancing the interests of our shareholders.

Your Directors are happy to report, therefore, that consolidated net profit for the past year amounted to \$7,087,000 or \$1.58 per share and working capital at year end stood at \$26,258,000. After six years of consecutive dividends, shareholders' equity now stands at a new high of \$62,920,000 or \$14.06 per share. May I again remind the shareholders that this equity figure does not reflect the additional value of either the \$45 million plant which is completely written off or the \$1 billion ore body.

Earnings from the **URANIUM** mining operations of your Company were strongly influenced by two factors. First, the Canadian Government stockpiling programme, and second, Denison's success in winning an additional contract. Denison secured this additional production, valued at over \$5,000,000, in competition with other Canadian producers. This contract calls for delivery of some 1,200,000 pounds of U_3O_8 to the United Kingdom.

Keeping in mind that the pace of nuclear power installation throughout the world is accelerating beyond that predicted in forecasts a year or two ago, your management decided to stockpile uranium in approximately the same amount as that represented by the new contract, and to stretch out the resulting production over a full year.



Operations in the **OIL** and **GAS** fields of Western Canada were further expanded by your management during 1964. An additional development was the favourable effect of new regulations with respect to maximum allowable production rates. During the year our proven reserves have increased to 25.8 million barrels, with total proven and probable reserves now standing at 33.3 million barrels. In view of these reserves and an investment now totalling \$7,300,000 Denison can now be considered to have an important stake in this natural resource industry. Outside appraisals backed by the offers that your Company has received from large oil corporations have placed the value of your oil reserves at approximately \$20,000,000. During 1964, Denison's income from its petroleum and natural gas division was a record \$1,036,000. We expect that our own production will continue to expand together with the growth of the Canadian petroleum industry.

The Canadian cement industry profited from a high level of construction activity in 1964. **LAKE ONTARIO PORTLAND CEMENT COMPANY**, in which Denison Mines Limited now owns 53.5% of the outstanding common shares, again achieved excellent financial results with a net profit for 1964 of \$1,860,000. Another record for that company.

Lake Ontario, through Premier Building Materials, its wholly owned subsidiary, and Primeau Argo Block, was able to develop a growing share of the profitable market for cement in the greater Toronto area. This has resulted in increased unit profits and expanded sales.

Prompted by this pronounced growth of business, Lake Ontario began a major \$7,300,000 expansion programme at its Picton, Ontario, plant during 1964. Production capacity will be doubled by mid-1965 and should result in increased profits for the company. Earnings for Lake Ontario Portland Cement Company are now included in the consolidated statement of operations of Denison Mines Limited in proportion to its interest.

In fiscal 1964 the revitalization and modernization of **GENERAL BAKING COMPANY** received continued emphasis. An intensive programme of corrective actions affecting all areas of the company's operations was directed towards solidifying the company's position as a progressive and profitable member of the baking industry.

A number of important management changes were made during the year. Mr. James E. Degnan, with a long and distinguished record in the baking industry, was elected President and Chief Executive Officer. The newly created positions of Vice-President of Operations and Vice-President of Production were also filled by personnel with a strong background of experience in the industry.

While results improved in 1964, they were slower forthcoming than anticipated. However, the new management policies of General Baking should now make that company's shares a profitable investment for Denison. Your management is hopeful that marked progress in this regard will be achieved during this year.

A variety of **EXPLORATION** projects received detailed attention during the year. A policy of examination and evaluation of individual mineral discoveries held by individuals, syndicates and mining companies continued with the objective of undertaking warranted developments. In addition to its four field offices located in Ontario, Quebec, Maine, and Ireland, Denison Mines has a newly opened exploration arm based in Timmins. With associates from other major mining companies, it is also launching an intensive exploration programme in Northern B.C., the Yukon and the Territories.

As a result of extensive exploration in the past, your Directors are pleased to report that mine development is well underway at the base metal property of **BLACK HAWK MINING LTD.** at Blue Hill, Maine. The mine should be ready for production by the third quarter of 1966 and we look forward to a profitable operation.

The various interests in **REAL ESTATE** which your Company has acquired through mortgage financing are currently under development and should make considerable progress in the near future. Other investments in this field are being negotiated.

May I now turn to your Company's most important asset, the **DENISON ORE BODY** at Elliot Lake. With some 300 million pounds of recoverable uranium reserves still in place, your Directors have always considered the tremendous potential for profit in this vast ore body. Taking into account the acceleration that is taking place in the nuclear energy field, this potential is much closer to realization than even our own predictions of a year or two ago indicated.

In a recent report, U.S. authorities stated that, while electric power produced with all types of fuel and energy will rise impressively in the next few years, electricity from atomic power will increase most rapidly. By 1980 Americans will be using nearly three times as much electricity as now. With this vast increase almost twenty percent of all electrical power will come from nuclear reactor sources, with this percentage steadily increasing from there on.

The world expectations for nuclear power are most impressive signs for the future of your Company. To illustrate my point, I would like to say that world-wide nuclear capacity has grown from five megawatts in 1955 to 5,000 megawatts in 1964 and is expected to reach 25,000 megawatts by 1970. It is envisaged that an increase to 200,000 megawatts in 1980 could account for approximately 20% of the total generated capacity in the non-communist countries. Large nuclear plants are expected to generate electricity at costs less than those for other on-site energy sources and to demonstrate a practical energy independent of geographic location and productivity of fuel supplies.

The consultative committee of Euratom Supply Agency predicts uranium requirements between 1970-80 for nuclear plants alone will amount to 418,000,000 pounds. Denison Mines Limited with its known reserves of approximately 300,000,000 pounds of U_3O_8 is providing assurance to the world that, before secondary or low-grade sources are uncovered and used, it possesses and offers economic security to users of nuclear energy for years to come.

I feel, personally, that the great demand now building up for our product will result in a definite firming of prices for uranium by 1970. By 1975, definite shortages will be felt in the world unless new sources are found.

So rapid has been the advance of nuclear power technology that I believe that even these latest estimates may prove to be modest a year or two hence. Incredible as it may seem, the Atomic Revolution is here to aid all humanity. If the case of the U.S.A. is considered typical, the impact of the current atomic breakthrough will prove enormous on the advanced industrial countries of the world. For most of the underdeveloped lands, the introduction of atomic power installations will constitute the means by which they can leap from tribalism and feudalism into the second half of the twentieth century.

In our modern world, where big powers strive to win uncommitted nations to their particular social systems the

technological needs of these countries cannot be ignored. Nuclear power has a major and urgent role to play in the world's economy. Its effect will be unlimited on the progress of mankind. The past year heralded the coming of age of nuclear energy as a competitive rival to conventionally generated power. Virtually every commercial nuclear power plant now being built shows better costs than any of its predecessors on an equivalent basis. Undoubtedly, the future holds even greater advantages.

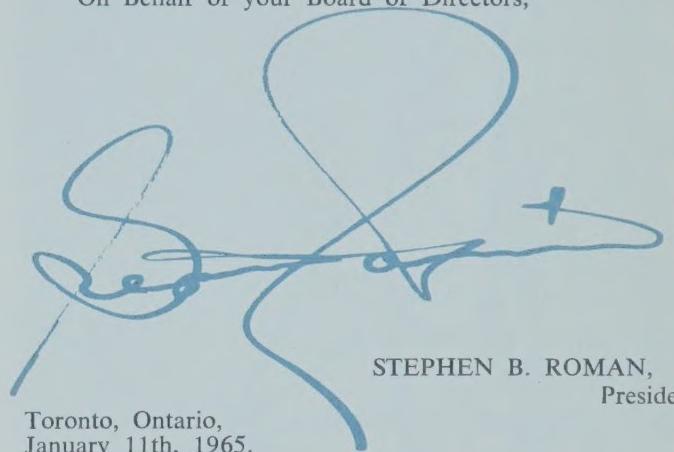
Another nuclear power development which we feel is of extreme importance and which is perhaps not receiving sufficient attention is that of the small reactor. There are many cases — particularly in the underdeveloped nations — where a system of small reactors could be a source of economic power. We believe that an aggressive programme of development of small reactors with high efficiency could play an important role in raising the standards of living of many nations.

May I re-emphasize that your Company's uranium deposit will continue for many years to assure the world of an unfailing source for low-cost nuclear power. Denison's ore body is probably the most valuable deposit of uranium in the entire world. A translation of this asset into actual profits is a goal which rests foremost in your management's mind. We are, therefore, continuing to direct our efforts towards establishing long-term associations for the supply of uranium to countries with specific and progressive programmes in the nuclear industry. We expect that our ability to supply uranium on a long-term basis will enhance the development of nuclear power by permitting those countries

to accelerate their projected nuclear programmes. The achievement of our objective would be beneficial not only to the shareholders of the Company and to its employees, but also to the entire Canadian economy. It is hoped that your Company will be supported in its efforts by Governments, the industry and its shareholders.

May I take this opportunity to thank you for your continued interest and support and to express appreciation to all levels of management and all employees for their co-operation in making 1964 another successful year.

On Behalf of your Board of Directors,



STEPHEN B. ROMAN,
President.

Toronto, Ontario,
January 11th, 1965.

EXECUTIVES OF DENISON MINES AND ASSOCIATED COMPANIES



AN INFORMAL MOMENT AFTER A MEETING: — Seated left to right: James E. Degnan, President, General Baking Company; A. Joseph Primeau, President, Primeau Argo Block Co. Limited; J. G. Pickard, President, Lake Ontario Portland Cement Company Limited; J. Kostuik, Vice-President and General Manager, Denison Mines Limited; and Hon. George A. Drew, Chairman of the Board, Lake Ontario Portland Cement Company Limited. Standing left to right: Anthony Roman, Executive Assistant to the President, Denison Mines Limited; R. H. Grimm, Executive Vice-President and General Manager, Primeau Argo Block Co. Limited; R. D. MacLean, Executive Vice-President and General Manager, Lake Ontario Portland Cement Company Limited; Mario de Bastiani, Mine Manager, Hon. H. A. Willis, Vice-President, John C. Puhky, Secretary, E. B. McConkey, Treasurer and Comptroller, M. E. Bogard, Office Manager, Gordon R. Ball, Investment Assistant to the President, E. A. Hart, Manager Explorations Division, Denison Mines Limited; A. F. Rizzo, Secretary-Treasurer, Black Hawk Mining Ltd.; L. R. Montpetit, Special Projects Manager, Denison Mines Limited. Standing facing the group — Stephen B. Roman, President.

General Manager's Summary of Operations

The President and Directors,
Denison Mines Limited,
4 King Street West,
Toronto 1, Ontario.

Gentlemen:

The following is a review of the Company during 1964 and is submitted for your consideration.

URANIUM DIVISION

The operating plan for the year was based upon maintaining readily accessible developed ore reserves, providing for long range development and fulfilling production commitments. A total of 1,275,384 tons of ore was treated for an average of 3,573 tons per day at a grade of 3.14 lbs. U₃O₈ for a recovery of 95.57%. The scheduled tonnage was reduced to maintain a better ratio of U₃O₈ production to outstanding requirements. The decrease was effected gradually in order to minimize the economic impact on the operation, the employees of the Company and the Community of Elliot Lake.

Your Company demonstrated its ability to continue to be in an excellent competitive position by its success in bidding for 1,200,000 pounds of U₃O₈, made available by the inability of Gunnar Mines Limited to supply the



Left to Right:—

The Vice-President and General Manager, Mr. John Kostuik, Mr. Thomas Anderson, Mine Manager, Black Hawk Mining Ltd., Mr. John H. Reed, Governor of the State of Maine.

remaining amount called for by its contract with Eldorado Mining and Refining for ultimate delivery to the United Kingdom. The price paid for this amount by Eldorado is 4.188 dollars per pound with deliveries made at 100,000 pounds per month commencing with August, 1964 and ending in July, 1965. The Company made a decision to stockpile a similar amount, thus guaranteeing to the mine a full year of operation with resultant benefits to all.

In addition to the ever-growing demand for uranium for nuclear power plants, the use of nuclear explosives is being developed as a tool of engineering to speed schedules and cut costs in major mining and construction projects. As an example, the preliminary estimates by the Atomic Energy Commission's Plow-Share programme for the Transisthmian Canal, a 46 mile route through Panama, indicate a cost of 0.8 billion dollars for a canal 1,000 feet wide and 250 feet deep taking 6 years to complete and using nuclear explosives. This is compared to excavation by conventional methods at a cost of 5.1 billion dollars for a canal 600 feet wide and 60 feet deep and taking 21 years to complete.

Nuclear detonations have been proposed for the removal of overburden over mineral deposits, followed by the shattering of surface ore. The breaking of deep underground deposits, too low in grade to be mined by conventional methods, is conceivable under proper circumstances. This crushed material could then be leached in place or recovered by a deep caving recovery method.

Nuclear blasts have also been proposed to take advantage of the cratering effect of near surface blasts, as in harbours, and for use in oil bearing shales to create the necessary permeability for flow to perimeter wells.

BLACK HAWK MINING LTD.

An agreement was entered into with Black Hawk Mining Ltd. whereby Denison Mines Limited has the right to purchase, in two phases, Secured Notes and Debentures totalling \$5,000,000 to provide funds for a two-stage development programme to bring the mining lands at Blue Hill, Maine into production and for the acquisition of all the outstanding shares of Rotra Mines Corporation which holds leases covering adjoining ground to the Black Hawk properties. With the addition of the Rotra properties, the Black Hawk reserves are indicated at 1,225,440 tons grading 16.75% zinc, 0.55% copper and 0.37 oz. silver; 2,813,600 tons grading 1.97% copper and 0.41 oz. silver; and 449,800 tons grading 6.75% lead, 4.25 oz. silver and 0.95% copper. Dilution of 10% is included.

The first stage of the development programme is proceeding on schedule with the construction of a permanent mining plant consisting of a headframe, shaft house and the first section of a service building, including auxiliary mechanical and electrical equipment.

Shaft sinking commenced November 21, 1964 and has reached 280 ft. Development levels will be established at the 280, 380, 480 and 580-ft. horizons; on the last three, exploration with diamond drilling, will be done.

The supervisory group at the property is complete for the development stage of operations.



Shaft sinking operations at Black Hawk Mining Ltd. at Blue Hill, Maine, U.S.A.

Petroleum and Natural Gas Division



Production and expansion of this division continued to show excellent progress in 1964. Six wells were drilled, resulting in five oil wells and one abandoned well. The last was a joint interest venture in which Denison held 37½%. Your Company's producing interests in Judy Creek West and Bigoray were unitized, in order that enhanced recovery schemes could be commenced.

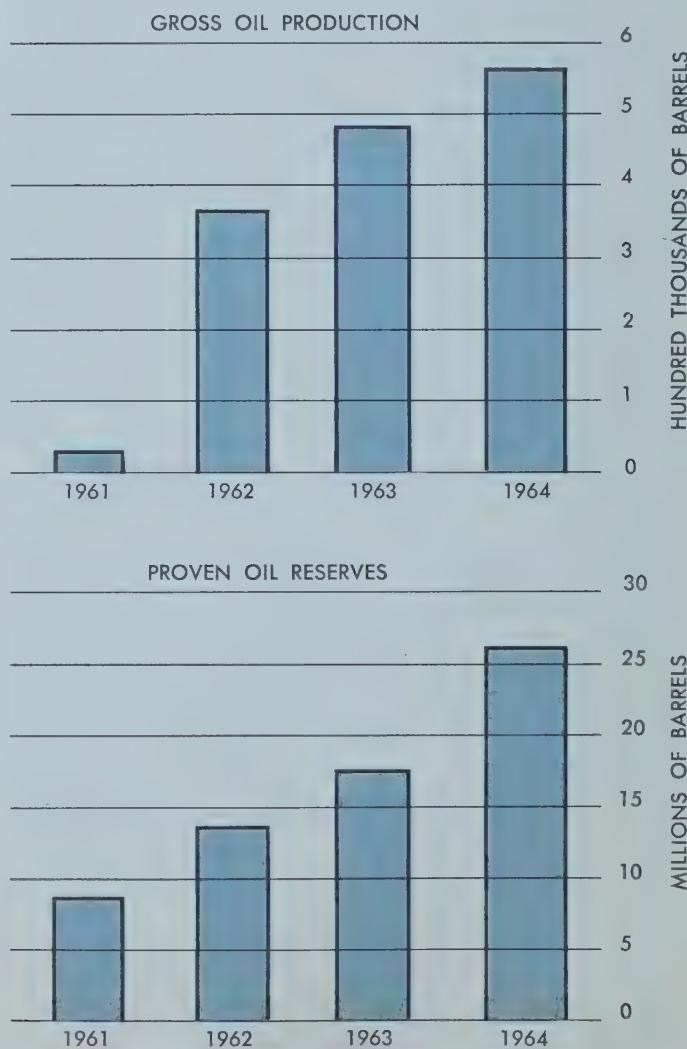
Performance of the various enhanced recovery schemes in which your Company holds producing interests has been most satisfactory and has resulted in large increases in proven oil reserves. Gross proven oil reserves have increased 47% over last year to a total of 25,806,000 barrels. Total proven and probable additional oil reserves are now estimated to be 33,320,000 barrels.

Gross oil production this year increased 16% over 1963 to 560,300 barrels, an average of 1,540 barrels per day.

Disposable associated and non-associated gas reserves increased during the year by 38% and now total 24.3 billion cubic feet.

Your Company now owns 21.5 unitized wells under an enhanced recovery programme and 16 non-unitized under a primary production programme.

Concentrated efforts are being made to continue to expand the Petroleum and Natural Gas Division.



Explorations Division

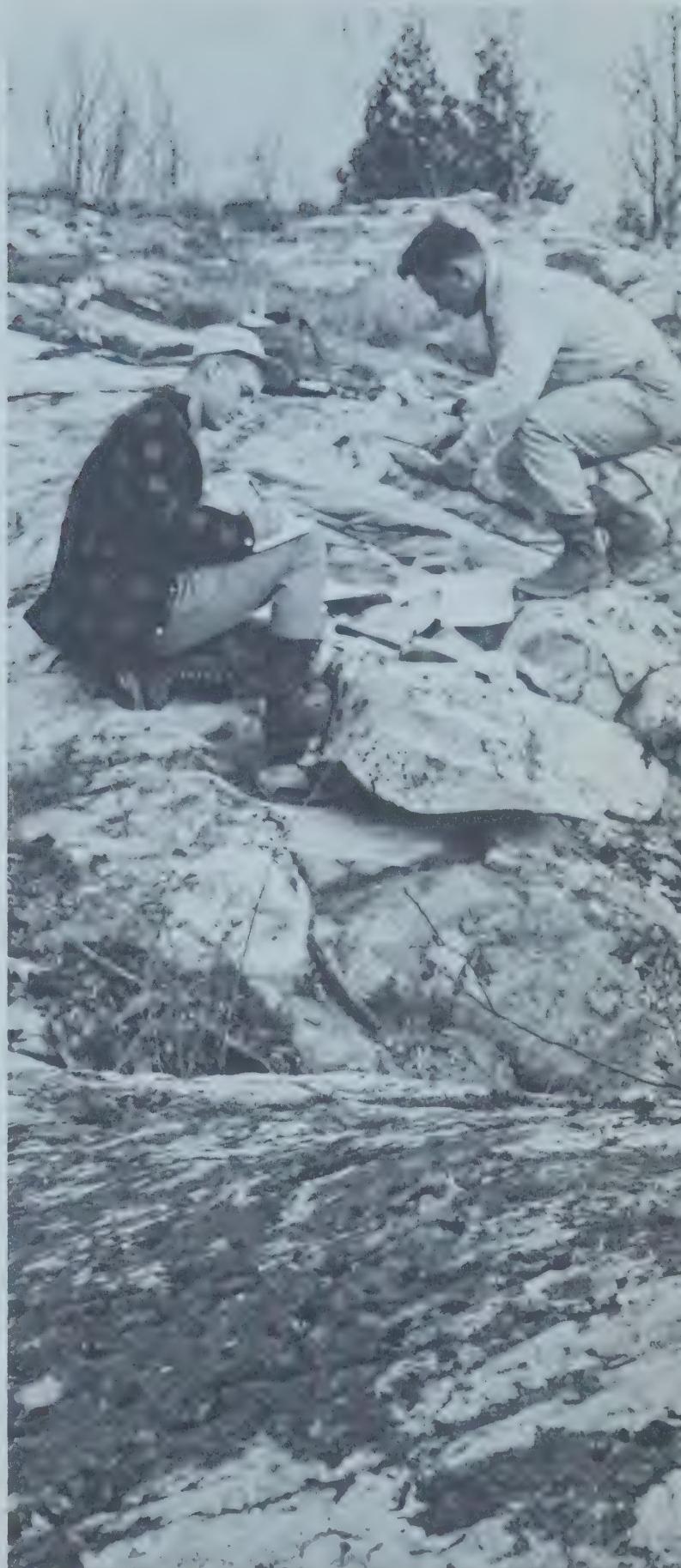


The Company's Explorations Division operating from Toronto and its five field offices has conducted many geological, geophysical and geochemical surveys. Selected targets on promising properties were investigated by diamond drilling. This work was conducted as part of our extensive programme of explorations in Canada and other countries.

The Highland property in Maine in which Denison, Rockwin Mines Limited and Roman Corporation Limited have 50, 40 and 10% interests respectively was diamond drilled during the last year and found to contain a body of 1,000,000 tons of 0.6% copper. Additional targets are being drilled on the predicted continuation of the zone. With these associates, diamond drilling is also planned for the adjoining Hercules property for which an option agreement has been signed and on which lead, zinc and silver showings will be investigated.

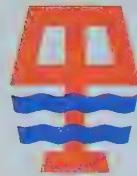
Lakehead Mines Ltd., in the Marathon area of Ontario, controlled by Denison Mines, drilled an additional three deep holes indicating the continuing nature of the deposit. Resumed and continuing interest in the immediate area indicates the potential of this property which contains large tonnages of titaniferous magnetite interspersed with a 0.50% copper content.

Active exploration has been maintained in Ireland with geochemical and geophysical surveys being conducted on selected targets in various counties.



Field geological staff investigating a mineral prospect.

Lake Ontario Portland Cement Company Limited



The annual report for 1964 of Lake Ontario Portland Cement Company has just been published. New high records were reported for sales, operating profit and net earnings. A summary of significant financial figures for the eleven months ended December 31st, 1964 follows:—

Net Sales \$14,200,741

Depreciation 920,881

Net Profit 1,860,664

per Common share 54.6¢

Shareholders' Equity 7,784,356

per Common share \$2.40

Working Capital 640,226

Capital Expenditures 4,045,743

Property, Plant and Equipment less ac-
cumulated depreciation of \$5.4 million \$21,593,756



Left, Mr. James G. Pickard, president of Lake Ontario Portland Cement Company Limited, together with Mr. Stephen B. Roman, President of Denison Mines Limited, inspecting the Lake Ontario Portland Cement Company Limited's manufacturing facilities.



Centre Foreground Left, Mr. Stephen B. Roman, President of Denison Mines Limited, together with Mr. Robert D. MacLean, Vice-President and General Manager of Lake Ontario Portland Cement Company Limited, inspecting plant construction which will double the capacity by mid-1965.

The expansion of the productive facilities at Picton is proceeding on schedule and is expected to be in operation by mid-summer of 1965. New clinker producing and grinding equipment will almost double the present productive capacity to 5,000,000 barrels of cement annually.

Consistent with the increased production which will be available by mid-1965, plans for the effective use of this capacity are being implemented. Most significant of these has been the company's acquisition of a large bulk distribution centre on Cayuga Lake just north of Ithaca, New York. All distribution centres are located on navigable water which permits the company to serve economically an extensive market area.

Investigatory work has been centred on the property the company has under option near Watertown, New York, where it is planned to construct a modern cement plant compatible with the surrounding recreation area.

The feasibility studies for this plant are expected to be started during the latter half of 1965.

Premier Building Materials Limited, the company's wholly-owned subsidiary in the ready-mixed concrete and building materials field, has continued its growth. It is now one of the acknowledged leaders in the Metropolitan Toronto market. In spite of the generally unfavourable prices that have persisted for these products, Premier has been able to steadily improve its operating results.

Primeau Argo Block Co. Limited, an associated company, has completed its expansion programme and is now the largest and most modern block producer in Metropolitan Toronto. Lake Ontario has substantially increased its share interest in Primeau Argo this year.

Lake Ontario looks forward to 1965 confident of its ability to increase its share of the market with improved operating results.

General Baking Company



Mr. James E. Degnan, President,
General Baking Company.

The Bond Divisions, operating in the Eastern section of the United States, introduced a number of new products successfully. Significant steps were taken to improve product quality, packaging design and advertising programmes. The capacity of the frozen food plant in Los Angeles was more than doubled during the year owing to the rapid growth in volume enjoyed by the Van de Kamp's division. A new line of refrigerated dressings was successfully introduced in major market areas on the west coast.

A substantial capital expenditure programme was instituted to further automate existing production facilities and to improve quality. Significant cost savings resulting from this programme should be realized in 1965 and in future years.

In April, 1964 the dividend arrears on the 8% non-callable preferred shares were fully paid and the shares were exchanged for 6% callable preferred shares. Dividends have been paid regularly on the new preferred shares since their creation. This marks the first such payments since the cessation of dividends in 1961 on the company's preferred and common shares.

The operating results of General Baking Company are not yet available for 1964; however, the net earnings for the 40 weeks to October 3 amounted to \$904,000, exceeding the results for the same period last year.

On the first of January, 1965 the company consolidated all its cake operations into a new division which will have separate authority and responsibility for nationwide sales, marketing and products.

General Baking is actively seeking to diversify its product base by investment in the food industry and it is giving consideration to the expansion of its operations into important and growing market areas which are not presently serviced by the company.

Denison Mines Limited continues to enjoy an active and close liaison with the affairs of General Baking Company and is represented on the Board of Directors and Executive Committee of the company. It is expected that the various programmes initiated by the company will be fully realized to ensure that General Baking Company will be a successful and increasingly profitable associate in the years ahead.

General Baking Company produces a full variety of baked goods under three major brand names:

BOND in the Central and Eastern United States
EDDY in the North-Western United States
VAN de KAMP'S in Southern California and Seattle

Pictured below is a typical Van de Kamp's display section in a major supermarket.

Van de Kamp's

BAKERY

CAKE

Van de Kamp's
Specials
Chocolate Chip
COOKIES
Pkg of 16 43¢ REG. 49
Caramel
CANDY 53
REG. 59¢...

RED TULIP SPECIAL
CHOCOLATE CHIP COOKIES 43¢

Van de Kamp's
BAKERIES

Other Investments



Your Company retained its interest in Midepsa Industries Limited. Midepsa, through its associated company Minera Bayovar S.A., a Delaware Corporation, is continuing its negotiations with the Peruvian government, the results of which are expected to be announced shortly. As soon as contract negotiations are completed full plans for placing the properties into production will be implemented. Engineering designs and construction studies continue and all reports previously made have been confirmed. Because of the need for greater farm productivity, world demand for fertilizer has grown enormously. The prospects for the success of the operation are greatly enhanced especially in the company's proposed market area which are the countries bordering the Pacific basin.

A subsidiary of Concord Finance Corporation Limited, engaged in mortgage financing, continued to increase its portfolio during the year. Loans were made on a basis which provides a satisfactory yield, commensurate with

security, and for relatively short terms to maintain a high degree of liquidity.

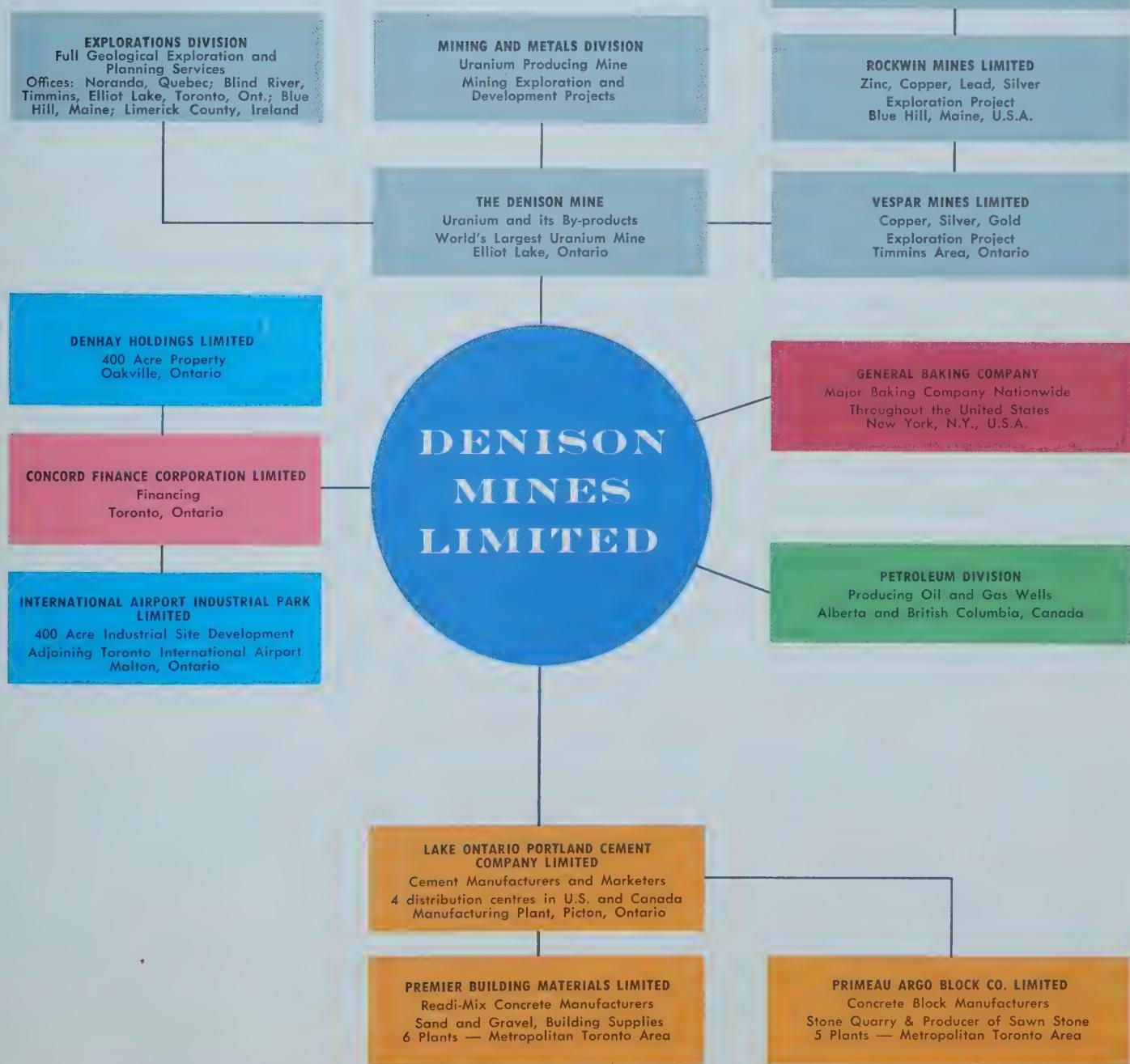
The development of a modern industrial park adjoining the Toronto International Airport through International Airport Industrial Park Limited, a majority owned company, continued with planning and engineering studies. It is expected that on-site work will commence early in 1965 on the first phase of the development. Increasing interest in this 400 acre project is evidenced by the numerous enquiries for plant sites in the area.

Respectfully submitted,

J. KOSTUIK,
Vice-President & General Manager.

January 11th, 1965,
Toronto, Ontario.

**BELow IS A CHART
SHOWING THE MAJOR
SUBSIDIARIES, ASSOCIATED
COMPANIES AND
INVESTMENTS OF DENISON
MINES LIMITED**



Mine Manager's Report



Centre foreground Mario de Bastiani, Mine Manager; front row: G. M. Bainbridge, Mine Geologist; C. B. Banks, Personnel Manager; G. F. Napier, Safety Director; back row: A. F. Russell, Electrical Superintendent; D. Laschuk, Chief Engineer; G. H. Ray, General Mine Foreman; J. P. Reszel, Mine Accountant; E. W. Williams, Purchasing Agent; N. E. Gillick, Master Mechanic; F. C. Lendrum, Mill Superintendent.

The Vice-President and General Manager,
Denison Mines Limited,
4 King Street West,
Toronto 1, Ontario.

The following report summarizes the operations, for the year ending December 31st, 1964, at the Uranium Division of Denison Mines Limited in Elliot Lake, Ontario.

MINING

Mining was progressively localized to the northeast and southwest sections of the No. 1 Shaft area with some mining carried out in No. 2 Shaft area in Panel 36 and in Panel 45 during the first part of the year.

A concentrated effort was expended on primary development to prepare the mine for future production. Work continued in headings which will serve as conveyorways and accessways in the Axis "B" system.

A roadway was driven to provide ventilation and access from the most westerly workings of the No. 2 Shaft area to the down-dip headings of the southwest section of No. 1 Shaft. The No. 9 conveyor, which serves the northeast area, and is part of the conveyor artery to No. 1 Shaft was extended an additional 345 feet.

SUMMARY OF PRODUCTION	1961	1962	1963	1964
Tons of ore broken	2,043,946	1,808,011	1,661,397	1,232,742
Tons milled	2,033,483	1,828,993	1,586,600	1,275,384
Average tons milled per day	5,827	5,680	4,444	3,573
Percent recovery	93.18	93.11	94.72	95.57
Pounds of U ₃ O ₈ produced	5,379,168	4,844,259	5,078,760	3,950,364
Average pounds U ₃ O ₈ per ton	2.85	2.88	3.34	3.14

A major project was undertaken in driving a third ventilation opening to surface. An inclined heading was driven about 1,200 feet, from the northernmost workings of the mine to a point under an island in Quirke Lake. A steel-fenced concrete collar was prepared on the island to ensure the sealing off of fractures to the bottom of the lake, and a raise was driven to connect the underground workings with the collar. The ventilationway will be enlarged to double the amount of air presently supplied underground.

The total tonnage of ore broken was reduced to 1,232,742 tons and the waste tonnage increased to 43,434 tons, the latter reflecting the ventilation and conveyor belt programmes. A total of 1,280,184 tons of ore was hoisted with No. 1 Shaft providing 1,151,247 tons and the remaining 128,937 tons being supplied by No. 2 Shaft. The ore mined for the year assayed 3.14 lbs. U₃O₈, with the policy of selective mining being continued. Areas, lower in grade than those mined, were logged and provisions are being made for their eventual economic recovery. The total heading advance amounted to 29,103 feet.

A new and more economic water supply system to underground is being provided. A trench has been blasted near the ventilation opening, from a previously drilled diamond drill hole, to the lake, which will enable water to flow by gravity to the installed intake control at the collar of the hole. The hole will be enlarged to supply the required volume of water. This system will eliminate the use of the series of pumps which are required at present to maintain adequate water pressure up-dip from No. 1 Shaft.

MILLING

A total of 1,275,384 dry tons of ore was processed for a daily average of 3,573 tons which compares with the 4,444 tons treated per day in 1963. The record high recovery of 95.57% is well over the previous best of 94.72% experienced last year. The added recovery is credited to the extra retention time, which made

added pulp recycle possible, and better metallurgical control.

Research was carried out on numerous phases which included bacteriological leaching underground, the recovery of uranium oxide from the underground solutions, and the production of a reactor grade product. A solvent extraction pilot plant was set up and the test work confirmed that a precipitate meeting nuclear grade specification could be produced from the ore in a modified plant.

An extensive amount of re-piping was completed in the mill to recycle solutions in order to reduce the effluent from the operations. Dilution has been eliminated wherever possible, and this combined effort has resulted in a 75% decrease on the fresh water demand. The tailing disposal area has been further impounded by the construction of two dams.

EMPLOYEES AND COMMUNITY

Relations with the employees and the community remained on a high plane. Employees in the bargaining units received increases in hourly rates and salaries on September 1st, which was the beginning of the second year of a two-year agreement. The turnover of labour was registered at 5.1%.

Sons and daughters of Denison employees were the successful recipients of the scholarships awarded by the Company to students of the Elliot Lake High School this year. Members of the staff and the other units continue to unselfishly give up their leisure time to act on Company, social, religious, Municipal and Provincial bodies and organizations.

We remain extremely thankful and appreciative of the direction given and confidence shown by the Executive Officers of the Company.

Respectfully submitted,

January 9th, 1965.

M. J. de BASTIANI,
Mine Manager.

11,417,
 7,087
 —————
 4,330,100

FINANCIAL SUMMARY

Net Profit	\$ 7,087,000
Working Capital	\$26,258,000
Shareholders' Equity	\$62,920,000

OPERATING SUMMARY

Pounds U ₃ O ₈ Produced	3,950,364
Average Grade (Lbs. U ₃ O ₈ per ton)	3.14
Percent Recovery	95.57

EQUITY PER SHARE

1959	1960	1961	1962	1963	1964
\$6.91	\$9.26	\$11.30	\$12.53	\$13.50	\$14.06

CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1964

Profit before items shown below	\$ 5,042,503
Revenue from investments (including \$50,000 interest from an unconsolidated subsidiary)	1,647,346
	<hr/>
Deduct	
Directors' fees	\$ 27,200
Provision for Ontario mining tax	130,000
Provision for depreciation and depletion	481,769 638,969
	<hr/>
Share of net earnings of an unconsolidated subsidiary	6,050,880
	<hr/>
Net profit for the year	1,036,378
	<hr/>
	<hr/>
	\$7,087,258

CONSOLIDATED STATEMENT OF EARNED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1964

Balance at January 1, 1964	\$52,363,766
Net profit for the year	7,087,258
	<hr/>
Deduct	
Dividends paid	\$4,474,703
Premium incurred on redemption of bonds	121,246 4,595,949
	<hr/>
Balance at December 31, 1964	\$54,855,075

DENISON MINES LIMITED

AND ITS SUBSIDIARIES

Consolidated Balance Sheet *as at December 31, 1964*

ASSETS

Current Assets

Cash in banks	\$ 1,512,918
Short term notes — at cost	14,962,894
Marketable securities — at or below cost (quoted market value \$7,904,889) ..	6,768,532
Accounts receivable including concentrate settlements	2,399,363
Supplies and prepaid expenses	629,686
Mortgages and other secured loans due within one year, including \$200,000 from an unconsolidated subsidiary	1,560,359
	\$27,833,752
Investment in Shares of Other Companies, at cost, including shares costing \$9,762,557 with a quoted market value of \$10,989,958	9,899,780
Mortgages and Other Secured Loans, not including amounts due within one year	3,819,857
Investment in Unconsolidated Subsidiary	
Shares (costing \$4,333,137 with a quoted market value of \$7,360,203)	5,356,435
Secured note	800,000
	6,156,435
Concentrates and land held for sale — at cost	7,548,798
Property, Plant and Equipment at cost less accumulated depreciation and depletion of \$46,844,505	9,943,986
	\$65,202,608

Approved on behalf of the Board of Directors:

GEO. C. KNOWLES, Director.

HARRY A. WILLIS, Director.



LIABILITIES

Current Liabilities

Accounts payable and accrued charges	\$ 1,283,448
Unclaimed dividends	41,496
First mortgages payable within one year	32,268
Provision for Ontario mining tax	218,285
	<hr/>
First mortgages payable, not including amounts due within one year	651,117
Unearned mortgage discount	52,583
Minority interest in a subsidiary company	3,500

Shareholders' Equity

Capital Stock

Authorized:

6,000,000 shares of \$1.00 par value each \$ 6,000,000

Issued and fully paid:
4,474,703 shares \$ 4,474,703

Earned surplus 54,855,075

Contributed surplus 3,590,133 62,919,911

\$65,202,608

The accompanying notes are an integral part of the
Consolidated Financial Statements and should be read in conjunction therewith.

The Auditors' Report to the Shareholders is attached hereto.

Notes to Consolidated Financial Statements

1. The consolidated financial statements include the accounts of all subsidiary companies and the results of their operations for the year, except that the accounts of Lake Ontario Portland Cement Company Limited (partly owned) and its subsidiaries are excluded. The investment in shares of Lake Ontario Portland Cement Company Limited is stated in the consolidated balance sheet at cost plus the company's share of consolidated earnings of such subsidiary since control was acquired, which share is included in the consolidated statement of operations. In the company's view, this method provides the most effective form of presentation of its financial condition.
2. Supplies are valued at cost except that items no longer required are at estimated realizable value.
3. Concentrates held for sale include concentrates produced during the year which may be required to satisfy deliveries in 1965 against a firm contract with a Crown corporation. If there had been followed in 1964 the basis in effect in previous years of valuing such concentrates produced during the year at net sales price then there would have been an increase of \$1,780,000 in the net profit for the year.
4. Plant and equipment located at the company's mine properties was written off in prior years. Petroleum and natural gas lease acquisition costs and development expenditures are amortized on the unit of production method based on estimated reserves. Depreciation of all other plant and equipment of the companies is such as to allow for write-off over their estimated useful lives.
5. Provision for Ontario mining tax has been made in this and prior years in accordance with the basis on which the company was assessed for 1961 and prior years. It is possible that a reduction of such provision for tax may result from current procedures before the Ontario Municipal Board.
6. It is estimated that there is no liability for income taxes for the year because of deductions claimed for tax purposes.
7. The company has guaranteed a bank demand loan of \$2,600,000 to be made to Lake Ontario Portland Cement Company Limited.
8. The company is the defendant in an action in the Supreme Court of Ontario in which a royalty of \$750,000 is claimed under an agreement to which one of the companies which amalgamated as the company was a party. The company has denied any liability in respect of this claim and has defended the action which has been tried although judgment has not yet been given.

Auditors' Report

To the Shareholders,
Denison Mines Limited:

We have examined the consolidated balance sheet of Denison Mines Limited and its subsidiaries as at December 31, 1964 and the consolidated statements of operations and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances, except for certain subsidiaries the accounts of which have been examined and reported on by other chartered accountants.

We report that, in our opinion, based on our examination and the reports of other chartered accountants referred

to above, the accompanying financial statements present fairly the consolidated financial position of Denison Mines Limited and its subsidiaries as at December 31, 1964, and the consolidated results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent (except for the change described in Note 3, with which change we concur) with that of the preceding year.

EDDIS & ASSOCIATES,

Chartered Accountants.

Toronto, Canada,
January 11, 1965.

Questions to Roman

- (1) is any progress being made on the french contract. hear rumors
might be willing to accept some third party to inspect the
~~xxxxxpropertyxx~~ uranium.
- (2) What about other countries interested in canadian uranium.
Have you received any firm offers from Japan, Swiss or
West Germany. Will a contract be signed this fall.
- (3) What development work ~~atxx~~ is being carried out at Elliot
Lake: plant refurbishing, buildup of ore reserves.

on Award of the

Prize



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